

**WEST SIDE EASEMENT AREA  
CALTRANS SCENIC CONSERVATION EASEMENT  
PUBLIC REVIEW DRAFT  
07-12-04**

Recording requested by  
and when recorded mail to:

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(Space above line for Recorder's use only.)

**DEED OF SCENIC CONSERVATION EASEMENT  
AND AGREEMENT CONCERNING EASEMENT RIGHTS**

This Deed of Scenic Conservation Easement (the "Conservation Easement") is granted on this \_\_\_\_\_ day of \_\_\_\_\_, 2004, by HEARST HOLDINGS, INC., a Delaware corporation ("Grantor"), to the CALIFORNIA DEPARTMENT OF TRANSPORTATION ("Grantee"), hereinafter collectively referred to as the "Parties".

**RECITALS**

A. Grantor is the sole owner in fee simple of certain real property consisting of approximately Eighty-One Thousand Seven Hundred Seventy-Seven (81,777) acres, located in San Luis Obispo County, California, described in "Exhibit A" attached hereto and incorporated herein by this reference (the "Ranch") ***[Review Note: Legal description not attached, but will be same as in East Side Easement.]*** Grantor desires to grant to Grantee a conservation easement over several portions of the Ranch located on the west side of Highway 1, as more particularly described in "Exhibit B" attached hereto and incorporated herein by this reference (the "West Side Easement Area") ***[Review Note: Legal description not attached]***. The West Side Easement Area consists of four (4) components described, respectively, as the Public Ownership Conservation Area, the Pico Cove Conservation Area, the San Simeon Point Conservation Area and the Ragged Point Conservation Area which are illustrated in "Exhibit C" attached hereto and incorporated herein by this reference (the "West Side Easement Area Map"). The West Side Easement Area consists of approximately One Thousand Four Hundred Forty-Five (1,445) acres of land, together with any improvements located within the West Side Easement Area.

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B. Grantee is a “qualified organization” as defined by Section 170(h)(3) of the U.S. Internal Revenue Code and is eligible to hold this Conservation Easement pursuant to Section 815.3 of the California Civil Code. By ***[identify CTC resolution]***, Grantee is authorized to acquire this Conservation Easement and accept the responsibility of monitoring and enforcing the terms of this Conservation Easement.

C. ***[Review Note: Add recital explaining Grantee’s acquisition of the Conservation Easement as a TEA.]***

D. The grant of this Conservation Easement, including Grantor’s exercise of rights retained in the easement, will further the purposes of several governmental conservation policies, including:

Section 133(d)(2) of Title 23 of the United States Code, in which Congress has made a statutory allocation of federal funds to support “transportation enhancement activities” undertaken by states, including the acquisition of scenic easements;

Section 815 of the California Civil Code, in which the California Legislature has declared: (1) that “the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California”; and (2) that it is “in the public interest of this state to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations”;

Section 51220 of the California Government Code, in which the California Legislature has declared that (1) “in a rapidly urbanizing society agricultural lands have a definite public value as open space, and the preservation in agricultural production of such lands . . . constitutes an important physical, social, esthetic, and economic asset to existing or pending urban or metropolitan developments”; and (2) “land within a scenic highway corridor or wildlife habitat area... has a value to the State because of its scenic beauty and its location adjacent to or within view of a State scenic highway or because it is of great importance as habitat for wildlife and contributes to the preservation or enhancement thereof”;

Section 30001 of the California Public Resources Code, in which the California Legislature has declared that (1) “the California Coastal Zone is a distinct and valuable natural resource of vital and enduring interest to all the people and exists as a delicately balanced ecosystem”; (2) “the permanent protection of the State’s natural and scenic resources is a paramount concern to present and future residents of the state and nation”; and (3) “to promote the public safety, health, and welfare, and to protect public and private property, wildlife, marine fisheries, and other

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ocean resources, and the natural environment, it is necessary to protect the ecological balance of the coastal zone and prevent its deterioration and destruction”;

Section 79501 of the California Water Code, in which the people of California have declared that “it is necessary and in the public interest to . . . protect, restore and acquire beaches and coastal uplands, wetlands and watershed lands. . . to protect the quality of drinking water, to keep beaches and coastal waters safe from water pollution, and to provide the wildlife and plant habitat and riparian and wetland areas needed to support functioning coastal . . . ecosystems for the benefit of the people of California”;

Section 30251 of the California Public Resources Code, which provides that the “scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance”;

The San Luis Obispo County Board of Supervisors endorsement resolution, dated January 7, 2003, which declares that “Hearst Ranch represents one of the most significant conservation opportunities in the nation—nearly 128 square miles of rugged shorelines, rolling grasslands, craggy peaks and classic California working cattle ranch landscape”; and

The Coastal Plan Policies in the certified San Luis Obispo County Local Coastal Program call for protection of visual and scenic resources, maintaining agricultural land for agricultural production and protecting environmentally sensitive habitats.

E. The West Side Easement Area possesses extraordinary scenic, agricultural, and ecological values (collectively, the “Conservation Values”) that are of great importance to Grantor, Grantee, the people of the County of San Luis Obispo and the State of California, and visitors from across the United States of America. The Conservation Values include the following: ***[Review Note: The Parties are preparing a detailed statement of Conservation Values.]***

F. The Conservation Values of the West Side Easement Area, and its current uses and existing state of improvement, are described in a “Baseline Conditions Report” dated as of the Effective Date, as defined in Section 35, below, consisting of maps, photographs, and other documents, and acknowledged by both Grantor and Grantee to be complete and accurate as of the date of the Effective Date. Both Grantor and Grantee have copies of the Baseline Conditions Report. It will be used by the Grantor and Grantee as a resource tool to evaluate changes in the conditions and uses of the West Side Easement Area in relation to the condition and uses of the West Side Easement Area as of the date of this Conservation Easement. This report, however, is

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not intended to preclude the use of other evidence to establish the condition of the West Side Easement Area as of the date of the conveyance of the Conservation Easement if there is a controversy over its then-existing condition, nor is this report to be used to change or interfere with Grantor's retained rights under the Conservation Easement.

G. This Conservation Easement is being granted in connection with other conservation transactions collectively affecting the entirety of the Ranch, including the concurrent conveyance of fee title to a portion of the West Side Easement Area to the Department of Parks and Recreation, State of California. The parties intend that the interests conveyed by this Conservation Easement shall forever remain separate from the fee interests in the encumbered lands, and shall be administered for the public benefits provided by the restrictions imposed under this Conservation Easement, even though the fee interest in any portion of the encumbered lands may be held and administered by another agency of the State of California.

**DEED AND AGREEMENT**

In consideration of the recitals set forth above, and of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby grants and conveys to Grantee, its permitted successors and assigns, and Grantee hereby accepts, a perpetual "conservation easement" as defined by Section 815.1 of the Conservation Easement Act of 1979 (California Civil Code, Section 815 et seq.), of the nature and character described in this Conservation Easement over the West Side Easement Area.

1. **Conservation Purpose.** The purpose of this Conservation Easement is to assure that the West Side Easement Area will be preserved to protect the scenic viewshed, as observed from Highway 1 therein, and therefore will be retained forever predominantly in its natural, scenic, historic, agricultural and open space conditions, while allowing public access for outdoor passive recreation and scenic enjoyment, all in accordance with the terms and conditions of this Conservation Easement (the "Conservation Purpose"). Consistent with the requirements set forth in Treasury Regulations §§ 1.170A-14(e)(1)-(2), no use or activity shall be permitted that would impair Conservation Values as protected by this Conservation Purpose. As used in this Conservation Easement, the term "impair Conservation Values" means substantially reduce Conservation Values for more than a transient period.

2. **Prohibited Acts.** Grantor promises that it will not perform, or knowingly allow others to perform, any activity or use on the West Side Easement Area in conflict with the covenants set out in this Conservation Easement. Grantor authorizes Grantee to enforce these covenants. Nothing in this Conservation Easement shall require Grantor to take any action to restore the condition of the West Side Easement Area caused by (i) elements of nature, which include, without limitation, fire, climatic change, flood, storm, earth movement, or natural evolutionary changes in the condition of the

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West Side Easement Area from that described in the Baseline Conditions Report; (ii) any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the West Side Easement Area or to any person resulting from such causes; or (iii) the non-permitted acts of unrelated third parties so long as Grantor has taken reasonable steps to control such acts. Grantor understands and agrees that nothing in this Conservation Easement relieves it of any obligation or restriction in relation to the use of the West Side Easement Area imposed by law, including but not limited to local land use restrictions.

3. **Reserved Use Rights.** Except as otherwise expressly provided in this Conservation Easement, Grantor's uses of the West Side Easement Area shall be limited to the retained use rights described in this Section 3. No use of the West Side Easement Area shall be allowed to impair Conservation Values.

(a) Entire West Side Easement Area.

(i) Grazing. Grantor retains the right to use the West Side Easement Area for grazing, and to permit others to use the West Side Easement Area for grazing, in accordance with applicable law; *provided*, that such grazing is conducted consistent with: (A) the Management Plan (for the Pico Cove, San Simeon Point and Ragged Point Conservation Areas only), prepared pursuant to Subsection 8(c), once that Management Plan has been approved by Grantee, (B) all other restrictions expressly set forth in this Conservation Easement, and (C) the Conservation Purpose.

***[Review Note: The separate gift deed to State Parks of the fee ownership in the Public Ownership Conservation Area will reserve to Hearst exclusive grazing rights for the grazing of livestock and other incidental uses thereto in conformance with a grazing management plan consistent with State Park's use of the Property, which plan will be proposed by Grantor and subject to State Park's approval; provided, however State Parks shall have the right to suspend any exercise of the Reserved Grazing Rights during any period of time that State Parks determines in its sole discretion that no grazing of the Property should be allowed. The gift deed to State Parks will also obligate DPR to maintain the condition of the property, including preventing spread of noxious weeds from the Public Ownership Conservation Area to adjoining portions of Ranch lands.]***

(ii) Public Access. Grantor retains the right to allow access to the general public, and the development of a continuous segment of the California Coastal Trail for the purpose of public access; *provided*, such public access conforms with all restrictions expressly set forth in this Conservation Easement ("Public Access"). Public Access shall be restricted as follows: (A) access during daytime hours only (with access beginning no earlier than ½ hour after sunrise and ending no later than ½ hour before sunset (no camping); (B) noncommercial passive recreational use only; and (C) no fires. ***[Review Note: The separate gift deed public access easement for Pico Cove, San Simeon Point and Ragged Point Conservation Areas will require***

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***Grantor approval of an Access Plan consistent with Access Parameters that will be in that document. With respect to the Public Ownership Conservation Area, additional restrictions such as restrictions on points of access near Grantor retained lands, restrictions on public access facilities and resource protection such as control of noxious and non-native plants need to be further addressed in this TEA easement. Subject to such further easement restrictions, placement and design of trails and other public access facilities on the Public Ownership Conservation Area will be accomplished through the normal State Parks public planning process in which any adjoining property owners will be included as stakeholders.]***

(b) Pico Cove, San Simeon Point and Ragged Point Conservation Areas. In addition to the rights retained by Grantor under the provisions of Subsection 3(a) above, Grantor retains the right to conduct "Temporary Events" within the Pico Cove, San Simeon Point and Ragged Point Conservation Areas. The term "Temporary Events" means "any use of a structure or land for an event for a limited period of time where the site is not to be permanently altered by grading or construction of accessory facilities . . . "[***Review Note: Provide complete definition consistent with current county regulations applicable to temporary events in the agricultural land use designation***]. Grantor also retains the right to use, and to allow others to use, the Pico Cove, San Simeon Point and Ragged Point Conservation Areas for passive recreational activities (including, but not limited to, hiking, horseback riding, wildlife observation and photography).

(c) Ragged Point Conservation Area. In addition to the rights retained by Grantor under the provisions of Subsections 3(a) and 3(b) above, Grantor retains the right to maintain up to forty-seven (47) acres of irrigated pastures in the previously-farmed area within the Ragged Point Conservation Area identified on the West Side Easement Area Map as the "Irrigated Pasture Area." [***Review Note: Per the West Side Terms agreed upon, the acreage of the irrigated pasture area within the Ragged Point Conservation Area shall be deducted from the 3,000 acre total of agricultural intensification to be allowed on the Ranch. A corresponding cross-reference will be included in the East Side Conservation Easement.***]

4. **Public Access.** Nothing contained in this Conservation Easement shall be deemed to be a dedication of any portion of the West Side Easement Area for Public Access. [***Review Note: The right to convey separate public access easements consistent with Section 3, above, is authorized in Section 13(d), below.***]

5. **Buildings, Facilities and Other Structures.** The installation, construction, reconstruction, replacement, operation or maintenance of any building, facility or structure of any type is prohibited throughout the West Side Easement Area except as such is permitted in accordance with the provisions of this Section 5.

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(a) Temporary Structures. Grantor may use temporary structures for Temporary Events authorized in Subsection 3(b) above; *provided*, that any temporary structure shall be located outside the viewshed of Highway 1.

(b) Incidental Ranch Facilities. “Incidental Ranch Facilities” means fences, squeezes, loading chutes, holding fields, corrals, and water distribution and irrigation facilities, and the utility facilities needed to support other Incidental Ranch Facilities. Incidental Ranch Facilities shall not include any new buildings, except structures of no more than \_\_\_\_square feet which are directly related to facilities described in the preceding sentence, such as a small structure to cover an irrigation well and an associated pump. Grantor may repair and replace, with like facilities at their existing locations, and remove Incidental Ranch Facilities existing on the Effective Date, without prior approval from Grantee. Grantor may install, construct, repair and replace Incidental Ranch Facilities not existing on the Effective Date, without prior approval from Grantee; *provided*, that any such repair, replacement or construction of new Incidental Ranch Facilities is reasonably related to the permitted uses and activities in the West Side Easement Area and does not impair Conservation Values.

(c) Public Access Facilities. Grantor may construct, or authorize others to construct, segments of the California Coastal Trail and other public access facilities, including the utility facilities needed to support public access facilities; *provided* that, except for trails and signage, all other public access facilities, including but not limited to restrooms and parking areas, shall be located outside the viewshed of Highway 1. No buildings for residential or commercial uses shall be allowed pursuant to this Subsection 5(c). ***[See also review note to Subsection 3(a)(ii).]***

(d) Signs. Signs used to control unauthorized entry or uses are permitted. Grantee may install and maintain, at Grantee’s sole cost and expense, signage to indicate the participation of Grantor, Grantee, and of any of Grantee’s public or private funding sources in the acquisition and maintenance of the Conservation Easement; *provided*, that the size, location, number, text and design of any such sign shall be subject to the reasonable approval of Grantor, *provided further*, that Grantor agrees that the standard logo of Grantee, and each agency of the State of California that has provided funding for Grantee’s acquisition of the Conservation Easement, can be included on any such sign.

6. **Subdivision**. Grantor retains the right to create a separate legal parcel corresponding to the Public Ownership Conservation Area for the purpose of conveying fee ownership of that parcel to the Department of Parks and Recreation, State of California, subject to this Conservation Easement. Grantor also retains the right to create, as separate legal parcels, the respective areas corresponding to the Ragged Point Conservation Area, the San Simeon Point Conservation Area and the Pico Cove Conservation Area; *provided*, that each such legal parcel shall forever remain owned by

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the owner of an Owner Homesite Large Parcel, Pico Area Parcel or Headquarters Area Parcel as such terms are defined in that certain DEED OF CONSERVATION EASEMENT AND AGREEMENT CONCERNING EASEMENT RIGHTS recorded concurrently herewith as Document No. \_\_\_\_\_ in the Official Records of San Luis County, California; *provided, further*, that each such parcel shall remain subject to this Conservation Easement. Except as otherwise provided in the preceding provisions of this Section 6, Grantor shall not separately sell, transfer or subdivide any portion of the West Side Easement Area.

7. **Development Rights.** Grantor hereby grants to Grantee all development rights, except development retained rights reserved to Grantor herein, that are now or hereafter allocated to, implied, reserved or inherent in the West Side Easement Area, and the Parties agree that such development rights are terminated and extinguished. Except as specifically provided herein, the West Side Easement Area may not be used for the purpose of calculating permissible development or lot yield of any other property.

8. **Resource Stewardship.**

The provisions of this Section 8 apply only to the Pico Cove, San Simeon Point and Ragged Point Conservation Areas, and not to the Public Ownership Conservation Area. ***[Review Note: It is contemplated that there will be coordinated management planning on the east and west sides, but have not attempted specific tie-in language in this draft.]***

(a) **Range Management.** Any ranching operations on the West Side Easement Area, including any pasture irrigation in the Ragged Point Conservation Area, shall be conducted in accordance with the Interim Management Criteria referenced in Subsection 8(c), below, until completion of the Management Plan prepared pursuant to Subsection 8(c), below, after which all such operations shall be conducted in accordance with the Management Plan. The Management Plan shall address appropriate management practices as hereinafter described for soil and water conservation, erosion control, pest management, nutrient management, water quality and habitat protection on the portions of the West Side Easement Area used for range or cropland operations. Grantor and Grantee recognize that changes in economic conditions, in weather cycles, in grazing technologies, and in conservation practices may dictate an evolution and adaptation in the management of the range and pasture resources of the West Side Easement Area, consistent with the Conservation Purpose. The prescriptions for the management of range resources shall include, but not be limited to: (1) reasonable controls on the active introduction and spread caused by Grantor, or any of Grantor's lessees, licensees or permittees, of non-native exotic invasive plant species; (2) reasonable residual dry matter requirements, which shall vary according to slope, soil and precipitation conditions; and (3) reasonable practices which serve to balance continued agricultural uses with the protection of water quality and riparian habitat within the West Side Easement Area.



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(b) Woodland Resource Management. Grantor's Management Plan, prepared pursuant to Subsection 8(c), shall promote reasonable practices which serve to balance continued agricultural uses with protection of the overall health of the ***[specify the tree resources of concern]*** tree resources on the West Side Easement Area. Appropriate special restrictions on tree cutting, in addition to the following general restrictions, shall be determined in accordance with the planning process specified in Subsection 8(c) below. In addition to such special restrictions on tree cutting as are so determined, any and all tree cutting on the West Side Easement Area shall be limited to such cutting as is reasonably necessary for the creation and maintenance of reasonable livestock movement corridors, to control insects and disease, to prevent personal injury and property damage, to salvage dead or dying trees, for fuel load management, and minor cutting to create space to reasonably accommodate allowed land uses under Grantor's retained rights. Any wood salvaged in connection with such authorized tree cutting, and any downed wood, may be removed from the West Side Easement Area or used within the West Side Easement Area for authorized uses including firewood, other domestic or agricultural uses, and other Grantor retained rights within the Ranch, including construction and repair of permitted buildings, structures, trails, roads and fences. ***[Review Note: May be modified in light of the limited woodland resources on the West Side.]***

(c) Planning and Consultations. Within one year after the Effective Date, Grantor shall submit a written management plan ("Management Plan") for Grantee's review and approval, which shall set forth an overview of the range and cropland resource and woodland resource management practices that Grantor intends to undertake. The Management Plan shall provide for a common management program ("Common Management Program"). Grantor shall consult with Grantee in the course of Grantor's development of the Management Plan. Pending the completion and Grantee's approval of the Management Plan, Grantor shall manage any grazing in accordance with the provisions of the interim standards set forth in "Exhibit D" attached hereto and incorporated herein by reference ("Interim Management Criteria"). The only basis for which Grantee may refuse to approve the Management Plan shall be Grantee's determination that the Management Plan is inconsistent with this Conservation Easement. In connection with Grantee's annual monitoring, Grantor and Grantee are encouraged to cooperatively review the effectiveness of Grantor's ongoing management practices in achieving the Conservation Purpose and to identify any adjustments and/or corresponding Management Plan modifications for Grantor's consideration.

9. **Mining.** Exploration for, or the removal or extraction of any mineral or non-mineral substance by any surface or subsurface mining or extraction method conducted within the West Side Easement Area is prohibited.

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10. **Road Construction.** Any road existing on the Effective Date and any new road approved and constructed as hereinafter provided, may be maintained, repaved, and rebuilt on the original alignment at Grantor's discretion without having to seek permission from Grantee. Existing roads are shown in the Baseline Conditions Report. Any new or relocated road may be constructed only with Grantee's advance written permission, which shall be provided upon Grantor's demonstration that the design and location of the proposed new or relocated road support permitted uses and activities in the West Side Easement Area and will not impair Conservation Values. No road on the West Side Easement Area that is unpaved on the Effective Date shall subsequently be paved. Unpaved roads existing on the Effective Date may be relocated as unpaved roads as required by agricultural operations or other permitted activities or uses in the West Side Easement Area; *provided*, that each abandoned road must be returned to agriculture or a natural condition. For purposes of this Section 10, the terms "pave", "paved", or "paving" shall include any impermeable covering of the soil surface, including, but not limited to, concrete and asphalt. To the extent reasonably necessary, Grantor may apply a reasonable amount of gravel or red rock material, or other permeable surface to provide an all-weather surface for roads in the West Side Easement Area, and such all-weather surfacing shall not be considered paving.

11. **Storage/Disposal.** Permanent storing, dumping, or otherwise disposing of non-compostable refuse or trash is prohibited. The release, storage, or disposal of any Hazardous Substance (as defined in Section 21 hereof) on or within the West Side Easement Area is prohibited, except that herbicides, pesticides and other biocides utilized on the West Side Easement Area in accordance with Sections 8 and 21 hereof, and incidental amounts of gasoline and diesel fuel utilized in the authorized agricultural operations may be stored on the West Side Easement Area; *provided* that all such utilization and storage shall be in compliance with applicable health, safety, and Environmental Laws (as defined in Section 21 hereof). Grantor shall promptly provide Grantee with a copy of any written notice received by Grantor from any governmental agency, or service of process by any other third-party, of any regulatory or judicial action based on asserted non-compliance with any such applicable legal requirement or based on any release or disposal of any Hazardous Substance within the West Side Easement Area. This provision shall not affect Grantor's right to temporarily store materials for periods less than one hundred eighty (180) days; *provided*, that any such storage is in compliance with all applicable laws and regulations; *and provided, further*, that such storage shall not be allowed to impair Conservation Values.

12. **Water Rights.** Grantor shall retain, maintain and preserve the right to develop and use all water and water rights associated with the West Side Easement Area, including the right to utilize water from Ranch sources outside the West Side Easement Area. Grantor represents that there is water sufficient to sustain present and future agricultural productivity, other retained rights and Conservation Values. Grantor shall not utilize, or authorize others to utilize, water from the West Side Easement Area outside the West Side Easement Area.

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**13. Rights Retained by Grantor.** Except as expressly restricted or extinguished by the terms and conditions of this Conservation Easement, Grantor retains all ownership rights in the West Side Easement Area and retains the right to perform any act not prohibited or limited by this Conservation Easement. Grantor's retained rights include, but are not limited to: (a) the right to exclude any member of the public from trespassing on the West Side Easement Area, subject to the public access provisions of this Conservation Easement; (b) the right to sell, encumber, or otherwise transfer the West Side Easement Area or portions thereof, subject to the restrictions on subdivision set forth in Section 6, above, to anyone Grantor chooses; (c) the right to defend against actions of eminent domain; (d) the right to grant easements and other third-party authorizations for (i) the facilities and uses authorized in Section 3 and Section 5 above; and (ii) roads authorized pursuant to Section 10 above; and (e) the right to grant additional conservation easement rights over the West Side Easement Area, including rights of public access; *provided*, that (i) such additional conservation easement rights shall not conflict with any of Grantee's rights under this Conservation Easement; (ii) such additional conservation rights shall not allow any uses of the West Side Easement Area that will impair Conservation Values; (iii) Grantee shall be notified in writing at least ninety (90) days in advance of any proposed new grant of conservation easement over any portion of the West Side Easement Area, which notice shall include the proposed grant of conservation easement; and (iv) no new grant of conservation easement shall result in Grantee's having to bear any additional obligation or cost under this Conservation Easement. Grantor retains the obligation to assure that all authorized third-party users of the West Side Easement Area are in compliance with this Conservation Easement.

**14. Responsibilities of Grantor and Grantee Not Affected.** Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on the Grantee, or in any way to affect any existing obligation of the Grantor as owner of the West Side Easement Area. Among other things, this shall apply to:

(a) Taxes. Grantor shall pay before delinquency all taxes, assessments, fees and charges of whatever description levied on or assessed against the West Side Easement Area, including all improvements thereon, by competent authority, and Grantor shall promptly reimburse Grantee for any tax or assessment on the Conservation Easement that Grantee is required to pay; *provided*, that the preceding provisions shall be interpreted to not obligate Grantor to pay any capital gains tax owed by Grantee as a result of a voluntary or involuntary transfer by Grantee of its interests under this Conservation Easement.

(b) Upkeep and Maintenance. Grantee shall have no obligation for the upkeep or maintenance of the West Side Easement Area unless Grantor and Grantee mutually agree on cooperative programs and cost sharing for specific projects.

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(c) Liability and Indemnification.

(i) Grantor shall and hereby agrees to hold harmless, indemnify, protect, and defend Grantee, its officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns and each of them (collectively "Grantee Indemnified Parties") from and against all liabilities, penalties, costs, losses, orders, liens, damages, expenses, causes of action, claims, demands, or judgments, including without limitation reasonable attorneys' and experts' fees, arising from or in any way connected with: (A) any injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition or other matter related to or occurring on or about the West Side Easement Area, regardless of cause, except to the extent caused by the negligence or willful misconduct of any of the Grantee Indemnified Parties; (B) a violation of, or other failure to comply with, any state, federal or local law, regulation or requirement, by Grantor, or any party other than one of the Grantee Indemnified Parties acting upon permission from Grantor, in any way affecting, involving or relating to the West Side Easement Area, except to the extent caused by the negligence or willful conduct of any of the Grantee Indemnified Parties; or (C) the breach by Grantor of any of its obligations set forth in this Conservation Easement.

(ii) Grantee shall hold harmless, indemnify, and defend Grantor and its officers, directors, employees, contractors, legal representatives, agents, heirs, personal representatives, successors and assigns, and each of them (collectively "Grantor Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims demands, or judgments, including without limitation, reasonable attorneys' and experts' fees, arising from or in any way connected with any injury to or the death of any person, or physical damages to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the West Side Easement Area to the extent caused by the negligence or willful misconduct of Grantee Indemnified Parties.

(d) Insurance.

(i) Grantor shall maintain a comprehensive general liability policy insuring against bodily injury and property damage on the West Side Easement Area in the amount of not less than five million dollars (\$5,000,000), which amount shall be adjusted every five (5) years to reflect the percentage increase during the past five (5) years in the CPI (as defined below); *provided*, Grantor may self insure to the extent reasonably approved by Grantee. For purposes of this Conservation Easement, the "CPI" means the United States Department of Labor's Bureau of Labor Statistics = San Francisco-Oakland-San Jose Area Consumer Price Index for all Urban Consumers (CPI-U, all items) (1982-84=100), or the successor of such index. Grantee shall be named an additional insured on the policy. The liability insurance shall apply as primary

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insurance with respect to any other insurance or self-insurance programs afforded to Grantee. Grantor waives all rights of subrogation against Grantee and its agents, representatives, officers, directors and employees for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantor shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Such certificates shall provide for thirty (30) days written notice to Grantee prior to the cancellation or material change of any insurance referred to herein. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantor's obligation to maintain such insurance. The foregoing insurance requirements do not replace, waive, alter or limit the hold harmless or indemnification provisions of this Conservation Easement.

(2) Grantee shall maintain a comprehensive general liability policy insuring against bodily injury and property damage on the West Side Easement Area in the amount of not less than \_\_\_\_\_ dollars (\$\_,000,000), which amount shall be adjusted every five (5) years to reflect the percentage increase during the past five (5) years in the CPI; *provided*, Grantee may self insure to the extent reasonably approved by Grantor. The original Grantee (California Department of Transportation) is pre-approved by Grantor as self insured. Grantor shall be named as an additional insured on the policy. The liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantor. Grantee waives all rights of subrogation against Grantor and its agents, representatives, officers, directors and employees for recovery of damages to the extent these damages are covered by insurance maintained pursuant to this Conservation Easement. Grantee shall furnish Grantor with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. Such certificates shall provide for thirty (30) days written notice to Grantor prior to the cancellation or material change of any insurance referred to herein. Any failure of Grantor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Grantee's obligation to maintain such insurance. The foregoing insurance requirements do not replace, waive, alter or limit the hold harmless or indemnification provisions of this Conservation Easement.

**15. West Side Easement Area Management and Issue Resolution.**

(a) Right of Entry. Officers, directors and employees of Grantee, and Grantee's contractors approved by Grantor in Grantor's sole discretion ("Authorized Monitors") shall have the right to enter at least annually with two (2) week's advance notice onto the West Side Easement Area for purposes of monitoring compliance with the terms of this Easement. Entry shall be by no more than two (2) Authorized Monitors

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for no more than two (2) days per year for the West Side Easement Area; *provided*, that if the West Side Easement Area is subdivided, as provided in Section 6 above, these limitations shall apply separately to each resulting separate ownership. When Grantee has provided notice to Grantor of a circumstance that Grantee considers to be a bona-fide violation of the Conservation Easement, entry by such Authorized Monitors for up to an additional two (2) days is allowed with two (2) weeks advance written notice. Any additional entry shall require advance written permission by Grantor. Grantee's monitoring and access activities shall not interfere with normal operations on the West Side Easement Area.

(b) Issue Resolution. If either Party to this Conservation Easement (the "Non-Defaulting Party") determines that the other Party (the "Defaulting Party") is in violation of any term of this Conservation Easement or that a violation is threatened, the Non-Defaulting Party shall deliver written notice to the Defaulting Party of such violation. Not later than fourteen (14) days after the delivery of such written notice, the Parties shall meet on site with an agreed upon expert ("Consulting Expert") to discuss the circumstances of the asserted violation and to attempt to agree on appropriate corrective action. The Parties shall share equally the costs of retaining the services of the agreed upon Consulting Expert for such discussion; *provided*, if the Parties are unable to agree on the selection of a Consulting Expert, each Party may retain the services of an expert at its own expense. If the Parties are unable to agree on appropriate corrective action, the Non-Defaulting Party shall deliver a further written notice to the Defaulting Party to demand particular corrective action to cure the violation. The Defaulting Party shall cure the violation within thirty (30) days after receipt of such further notice, or under circumstances where the violation cannot reasonably be cured within such thirty (30) day period, shall commence curing such violation as soon as possible within such thirty (30) day period and shall continue diligently to cure such violation until finally cured.

(c) Judicial Enforcement. If the Defaulting Party fails to cure the violation within thirty (30) days after receipt of the further notice from the Non-Defaulting Party, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally cured, the Non-Defaulting Party may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Conservation Easement.

(d) Expert Assistance. The opinions of any Consulting Expert jointly engaged to assist the Parties in the resolution of any claim of injury to Conservation Values, shall be admissible in any judicial proceedings conducted with respect to that asserted violation.

(e) Immediate Relief. Notwithstanding any of the foregoing, if at any time an ongoing or imminent violation of the terms of this Conservation Easement could

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impair Conservation Values of the West Side Easement Area and there is a showing that irreparable harm would result if Grantee were required to first complete the issue resolution process set forth in Subsections 15(b) and (c), above, Grantee may proceed immediately to seek an injunction to stop the violation, temporarily or permanently. Injunctive relief or other judicial relief will not be allowed to interfere with the rights of Grantor reserved in this Conservation Easement.

(f) Alternative and Cumulative Remedies. The remedies described in this Section 15 shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity. Furthermore, the provisions of California Civil Code Section 815, et seq., are incorporated herein by this reference and this Conservation Easement is made subject to all of the rights and remedies set forth therein. The prevailing Party shall be entitled to recover its costs incurred in any such enforcement effort, including reasonable attorneys', consultants' and experts' fees and costs. Notwithstanding the foregoing, to the maximum extent allowed by law, the issue resolution process provided for in Subsections 15(a) – (e), above, shall be followed.

16. **Forbearance No Waiver.** Forbearance by the Grantee or Grantor to exercise its respective rights under this Conservation Easement shall not be construed to be a waiver by the Grantee or Grantor of such term or of any subsequent breach of the same or any other term of this Conservation Easement. No delay or omission in the exercise of any right or remedy by Grantor or Grantee shall impair such right or remedy or be construed as a waiver.

17. **Grantee Transfer of Easement.**

(a) Grantee may assign its interest, rights and obligations under this Conservation Easement only to an entity that is: (i) qualified to hold a conservation easement under Section 815.3 of the California Civil Code; (ii) a "qualified organization" as defined in Section 170(h)(3) of the U.S. Internal Revenue Code, 26 U.S.C. 170(h)(3); and (iii) willing and financially able to assume all of the responsibilities imposed on Grantee under this Conservation Easement. In the event that Grantee decides to assign its interest, rights and obligations under this Conservation Easement, it shall first offer such assignment to California Rangeland Trust, a California non-profit public benefit corporation ("CRT"); *provided*, that at the time of such offer California Rangeland Trust meets each of the foregoing three qualification criteria. In the event that California Rangeland Trust is unwilling or unqualified to accept such assignment, Grantee next shall offer assignment of its interest to American Land Conservancy, a California non-profit public benefit corporation ("ALC"); *provided*, that, at the time of such offer, ALC meets each of the foregoing three qualification criteria. In the events that neither CRT nor ALC is qualified or willing to take assignment of Grantee's interest under the Conservation Easement, then Grantor shall have one hundred eighty (180) days following Grantee's notice to Grantor of such events within which to designate an assignee that meets each of the foregoing three qualification criteria. If Grantor is

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unable or chooses not to designate an assignee within such period, Grantee may proceed to assign all, but not less than all, of its interest, rights and obligations under this Conservation Easement to any entity that meets all of the foregoing designation criteria. Notwithstanding anything in this Subsection 17(a) to the contrary, this Conservation Easement shall not be transferred by Grantee to any governmental entity or public agency without the consent of the Grantor, which consent shall be in Grantor's sole discretion.

(b) If Grantee ever ceases to exist or no longer qualifies to hold this Conservation Easement under Section 170(h) of the U.S. Internal Revenue Code, or applicable state law, Grantor shall petition a court of competent jurisdiction to transfer this Conservation Easement to an organization that meets each of the three qualification criteria specified in Subsection 17(a). The Parties intend that, in the selection of a transferee entity, preference be given to a qualified private non-profit organization of Grantor's choosing with the requisite experience in preserving and protecting the Conservation Values.

(c) If the interest granted under this Conservation Easement is ever deemed by Grantor, Grantee or a court of competent jurisdiction to be merged into the fee interest in any portion of the West Side Easement Area, then the fee owner of such portion of the West Side Easement Area shall thereupon be obligated to grant to a qualified holder, in accordance with the qualification requirements and preferences expressed in Subsection 17(a) above, a replacement grant of conservation easement in form and substance identical to this Conservation Easement.

(d) Grantor and Grantee acknowledge and agree that CRT and ALC are third party beneficiaries of the provisions of this Section 17.

**18. Grantor Transfer of the West Side Easement Area.**

(a) Notification. Any time the West Side Easement Area, or any portion thereof, or any interest in any portion thereof, is transferred by Grantor to any third party, the Grantor shall notify the Grantee in writing prior to the transfer, and the deed of conveyance or other transfer instrument shall expressly refer to this Conservation Easement. Failure to notify Grantee or include the required reference to this Conservation Easement in the deed or other transfer instrument shall not affect the continuing validity and enforceability of this Conservation Easement.

(b) Transfer Fee. A transfer of the West Side Easement Area or any portion thereof will result in an additional burden on the monitoring and enforcement responsibilities of Grantee; therefore, in connection with any sale or other transfer of the West Side Easement Area, or any portion thereof or interest therein (other than a transfer 1) to a public agency or private non-profit land trust; or 2) solely to change the method of holding title by the same party or parties, including but not limited to any



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affiliate of The Hearst Corporation, or otherwise exempt from a transfer fee as described below) there shall be paid to Grantee by the purchaser or transferee a transfer fee. The amount of the transfer fee shall be equal to .2% of the Land Value, as defined below, of the property transferred. "Land Value" shall be the value established by the San Luis Obispo County Assessor on the date of transfer for the land (not improvements). No transfer fee will be assessed if 1) the transfer is not considered by the San Luis Obispo County Assessor as a change of ownership for property tax assessment purposes, or 2) the transfer occurs while the original Grantee (California Department of Transportation) is the holder of this Conservation Easement.

19. **Amendment of Easement.** This Conservation Easement may be amended only with the written consent of Grantee and Grantor. Any such amendment shall be consistent with the purposes of this Conservation Easement and shall comply with Section 170(h) of the U.S. Internal Revenue Code, California Civil Code Section 815, et seq., and any regulations promulgated in accordance with those statutory provisions. Any such amendment shall also be consistent with California law governing conservation easements and shall not affect the perpetual duration of this Conservation Easement. All amendments shall refer to this Conservation Easement and shall be recorded in the Official Records of San Luis Obispo County.

20. **Grantor's Title Warranty; No Prior Conservation Easements.** Grantor represents and warrants that Grantor has good fee simple title to the West Side Easement Area, free from any and all liens or encumbrances except those liens and encumbrances shown in the preliminary title report provided to Grantee or otherwise disclosed to Grantee prior to recordation of this Conservation Easement. Grantor represents and warrants that the West Side Easement Area is not subject to any other conservation easement.

21. **Environmental Provisions.**

(a) Grantee Not an Owner, Operator, Or Responsible Party.

(1) Notwithstanding any other provision herein to the contrary, the Parties do not intend this Conservation Easement to be construed such that it creates in or gives the Grantee:

(A) the obligations or liability of an "owner" or "operator" as those words are defined and used in Environmental Laws, as defined below, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 USC §§ 9601 et seq. and hereinafter "CERCLA");

(B) the obligations or liability of a person described in 42 USC § 9607(a)(3) or (4);

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(C) the obligations of a responsible person under any applicable Environmental Laws, as defined below;

(D) the right to investigate and remediate any Hazardous Substances, as defined below, associated with the Easement Area; or

(E) any control over Grantor's ability to investigate, remove, remediate, or otherwise clean up any Hazardous Substances associated with the Easement Area.

(b) Environmental Liabilities and Indemnification. Grantor and Grantor's successors in interest shall indemnify, protect and defend with counsel acceptable to Grantee, and hold harmless the Grantee Indemnified Parties from and against any claims (including, without limitation, third party claims for personal injury or death, damage to property, or diminution in the value of property), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlements of claims), remedial action, compliance requirements, enforcement and clean-up actions of any kind, interest or losses, attorneys' fees (including any fees and expenses incurred in enforcing this indemnity), consultant fees, and expert fees that arise directly or indirectly from or in connection with: (i) the claimed presence or Release (as defined below) of any Hazardous Substance, affecting the air, soil, surface water or groundwater of or at the Easement Area; (ii) any violation or alleged violation of Environmental Law (as defined below) affecting the Easement Area, whether occurring prior to or during Grantor's ownership of the Easement Area and whether caused or permitted by Grantor or any person other than Grantor; or (iii) any claim or defense by Grantor or any third party that any of the Grantee Indemnified Parties is liable as an "owner" or "operator" of the Easement Area under any Environmental Law. The foregoing indemnity obligations shall not apply with respect to any Hazardous Substance released or deposited as a result of action by the Grantee Indemnified Parties on or about the Easement Area. The indemnity obligations of any successor in interest of Grantor pursuant to this Subsection 21(b) shall be limited to the portion of the Easement Area to which the successor takes title. Notwithstanding any statutory limitation otherwise applicable, the indemnity obligations of Grantor to the Grantee Indemnified Parties pursuant to this Subsection 21(b) shall continue after transfer to a successor in interest unless a written request for consent to assignment of such indemnity obligations to a successor in interest is approved by Grantee. In considering any such request, Grantee may take into account the financial capabilities of the successor in interest, without regard to any third party financial assurances. Grantee's consent to such assignment may be denied only if there is a commercially reasonable basis for such denial.

(c) Definitions.

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(1) The term "Environmental Law" shall include, but shall not be limited to, each statute named or referred to below, and all rules and regulations there under, and any other local, state and/or federal laws, ordinances, rules, regulations, orders and decrees, whether currently in existence or hereafter enacted, or common law, which govern (i) the existence, cleanup and/or remedy of contamination or pollution on property; (ii) the protection of the environment from soil, air or water contamination or pollution, or from spilled, deposited or otherwise emplaced contamination or pollution; (iii) the emission or discharge of Hazardous Substances into the environment; (iv) the control of Hazardous Substances; or (v) the use, generation, transport, treatment, removal or recovery of Hazardous Substances.

(2) The term "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Substance into the environment (including, without limitation, the continuing migration of Hazardous Substances into, onto or through the soil, surface water, or groundwater, and the abandonment or discarding of barrels, containers, and other receptacles containing any Hazardous Substance), whether or not caused by, contributed to, permitted by, acquiesced to or known to Grantor.

(3) The term "Hazardous Substance" shall mean (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Easement Area or to persons on or about the Easement Area or (ii) cause the Easement Area to be in violation of any Environmental Law; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; (c) any chemical, material or substance defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including CERCLA, 42 USC section 9601, et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC section 6901, et seq.; the Hazardous Materials Transportation Act, 49 USC section 1801, et seq.; the Federal Water Pollution Control Act, 33 USC section 1251, et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety section 25100, et seq., Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code section 25300, et seq., the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code section 13000, et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Easement Area or the owners and/or occupants of property adjacent

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to or surrounding the Easement Area, or any other person coming upon the Easement Area or adjacent property; and (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

22. **Interpretation.** This instrument shall be interpreted under the laws of the State of California, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes. If any provision of this Conservation Easement, or the application thereof to any person or circumstances, is found to be invalid, the remainder of the provisions of this Conservation Easement, or the application of such provisions to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected.

23. **Captions.** The captions in this Conservation Easement have been inserted solely for convenience of reference and are not a part of this Conservation Easement and shall have no effect upon construction or interpretation.

24. **Perpetual Duration.** The easement created by this instrument shall be a servitude running with the land in perpetuity. Every provision of this Conservation Easement that applies to Grantor and Grantee shall also apply to and be binding upon their respective agents, heirs, executors, administrators, successors and assigns.

25. **Notices.** Any notice, demand, request, consent, approval or communication that either Party desires or is required to give to the other shall be in writing and either served personally or sent by United States certified mail, return receipt requested, addressed as follows or such other address as either Party from time to time shall designate by written notice to the other.

To GRANTOR:       HEARST HOLDINGS, INC.  
                          Attention: Stephen T. Hearst  
                          Vice President and General Manager  
                          San Simeon Ranch Division  
                          5 Third Street, Suite 200  
                          San Francisco, CA 94103

With a copy to:     Hearst Holdings, Inc.  
                          Attention: General Counsel  
                          959 8th Avenue  
                          New York, NY 10019

TO GRANTEE:       [CALTRANS]

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26. **Condemnation.** If all or any part of the West Side Easement Area is taken by exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation, so as to terminate this Conservation Easement in whole or in part, Grantor and Grantee shall act jointly to recover the full value of their respective interests in the West Side Easement Area so taken or purchased, and all direct or incidental damages resulting therefrom. If only a portion of the West Side Easement Area is subject to such exercise of eminent domain, this Conservation Easement shall remain in effect as to all other portions of the West Side Easement Area.

27. **Extinguishment.** If circumstances arise in the future that render the purpose of this Conservation Easement impossible to accomplish, this Conservation Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Grantee shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the West Side Easement Area subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by applicable Federal or California law at the time, in accordance with Section 28, Valuation. Grantee shall use any proceeds received under the circumstances described in this paragraph in a manner consistent with the Conservation Purpose of this Conservation Easement.

28. **Valuation.** This Conservation Easement constitutes a real property interest immediately vested in Grantee. For the purpose of Section 27, Extinguishment, the Parties stipulate that this Conservation Easement has a fair market value determined by multiplying (a) the fair market value of the West Side Easement Area unencumbered by the Conservation Easement (minus any increase in value attributable to improvements made after the date of this Conservation Easement) by (b) the ratio of the value of the Conservation Easement to the value of the West Side Easement Area, unencumbered by the Conservation Easement, as of the Effective Date. The values as of the Effective Date shall be those values used to calculate the deduction for federal income tax purposes allowable by reason of this Conservation Easement pursuant to Section 170(h) of the Internal Revenue Code of 1954, as amended. For the purposes of this paragraph, the ratio of the value of the Conservation Easement to the value of the West Side Easement Area unencumbered by the Conservation Easement shall remain constant.

29. **Laws Currently in Effect.** All references in this Conservation Easement to statutes, regulations and other laws shall be deemed to refer to those statutes, regulations and laws currently in effect, or as amended (or any successor provision then applicable).

30. **Entire Agreement.** This instrument sets forth the entire agreement of the Parties with respect to the West Side Easement Area and supersedes all prior

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discussions, negotiations, understandings or agreements relating to the West Side Easement Area, all of which are herein merged.

31. **Counterparts.** The Parties may execute this instrument in two or more counterparts, which shall, in the aggregate, be signed by both Parties; each counterpart shall be deemed an original instrument as against any Party who has signed it.

32. **Attorneys' Fees.** Should proceedings be brought to enforce or interpret any of the terms of this instrument, the prevailing Party in any such proceedings shall be entitled to recover from the non-prevailing Party its costs, including reasonable attorneys' and experts' fees.

33. **Permission.** Whenever permission, consent or approval ("permission") is required pursuant to this Conservation Easement, such permission shall be obtained in advance and in writing signed by the Party from whom permission is to be obtained. Whether permission should be granted or denied shall be determined based upon the purposes of this Conservation Easement, and shall not be unreasonably withheld, unless consent or permission is specified in the Conservation Easement as being within the sole discretion of a Party.

34. **Exhibits.** The exhibits attached hereto are incorporated herein by this reference:

Exhibit A:	Ranch Legal Description
Exhibit B:	West Side Easement Area Legal Description
Exhibit C:	West Side Easement Area Map
Exhibit D:	Interim Management Criteria

35. **Effective Date.** This Conservation Easement is effective as of the date of recordation in the Official Records of the County of San Luis Obispo, California.

Agreed to and executed by:

HEARST HOLDINGS, INC.,  
GRANTOR:

By: \_\_\_\_\_  
Stephen T. Hearst  
Vice President and General Manager  
San Simeon Ranch Division

\_\_\_\_\_  
Date

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DEPARTMENT OF TRANSPORTATION,  
STATE OF CALIFORNIA  
GRANTEE:

By: \_\_\_\_\_

\_\_\_\_\_  
Date

[Add notary acknowledgments]